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C O N F I D E N T I A L KUWAIT 000131

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STATE PASS TO USAID, NEA/ARP FOR JACKSON

E.O. 12958: DECL: 01/30/2012

TAGS: [ECON](#) [EFIN](#) [EAID](#) [KU](#)

SUBJECT: LEBANON AID: NOTHING NEW IN PARIS, BUT ADDITIONAL
ASSISTANCE COULD BE FORTHCOMING

REF: A. 06 KUWAIT 4682

[1B.](#) SAEED-LENDERKING EMAIL

[1C.](#) 06 KUWAIT 4650

[1D.](#) 06 KUWAIT 4415

Classified By: Economic Counselor Tim Lenderking for Reasons 1.4 (b) and (d)

[11.](#) (SBU) Econcouns spoke with the Kuwait Fund's Regional Manager for Arab Countries Marwan Al-Ghanem on January 30 to review Paris III and possible next steps on Kuwait aid to Lebanon. Al-Ghanem said that Kuwait had not offered any new assistance to Lebanon in Paris but had pledged undetermined "additional support" to Lebanon through the Kuwait Fund. Al-Ghanem explained that the Kuwaiti parliament remained extremely skittish about new aid pledges in light of popular support in the country for forgiving consumer debt (Ref A).

[12.](#) (SBU) Al-Ghanem said there would likely be additional aid in the next year in the form of concessional loans for infrastructure projects. The projects would depend on GOL priorities, but would likely focus on water and transportation, including highway upgrades and projects at Hariri International Airport. Al-Ghanem would not elaborate at this stage on possible funding levels.

[13.](#) (SBU) Al-Ghanem added that a technical team from the Kuwait Fund would travel to Lebanon in February to re-negotiate a funding agreement to re-build a school in Beirut. Rising costs had rendered the two-year-old agreement obsolete. The Kuwait Fund anticipated putting an additional six million Kuwaiti dinar (USD 21 million) into the project.

[14.](#) (SBU) Al-Ghanem clarified that a reference the Director General of the Kuwait Fund had made in a January 25 conversation with Treasury DAS Ahmed Saeed in Paris (Ref B) to a five-year package for Lebanon worth USD 250 million was hypothetical only. Al-Ghanem stressed this was not a done deal, citing again parliamentary pressures to exercise right of refusal over foreign aid pledges.

USD 300 Million Still in Parliament -- or is it?

[15.](#) (C/NF) Still pending is a Kuwaiti pledge of USD 300 million in aid to Lebanon, which the GOK announced last August. During a January 23 meeting, Kuwait's Finance Minister told visiting Treasury U/S Tim Adams that while Kuwait would not offer new pledges at Paris III, the GOK would endeavor to expedite parliamentary approval of the USD 300 million pledge. Following up on January 30, Emboff also spoke with MP Faisal Al-Shaye of the Budget and Foreign Affairs Committees, who said Lebanon aid has not been submitted to the Parliament (though he acknowledged a remote

possibility it has been given to Parliamentary Speaker Jassim Al-Khorafi but not passed on to the two relevant committees).

He added that there had been a discussion recently between Parliament and Government leadership (no details) indicating a GOK view that they should hold off on the aid package "to avoid appearing to take sides between the two factions." Emboff also spoke with Foreign Affairs Committee Chairman Mohammed Jassem Al-Sagher, who also said the aid has not been submitted. Al-Sagher said he supports the aid, and has made requests to the GOK to submit it, but has been ignored. When Emboff noted that Kuwait's Foreign Minister has also indicated the aid is awaiting Parliamentary approval, Al-Sagher flatly denied it.

16. (C/NF) An MFA official in the Department of Arab Affairs told Polcouns separately January 30 that the GOK was holding up the aid package because of "political considerations." We will clarify and report septel.

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